

CGI of Longbridge Town Centre, Birmingham

INVESTOR PRESENTATION

OCTOBER 2012

Agenda



1. About St. Modwen Properties PLC
2. Portfolio
3. Finances
4. Glossary of defined terms

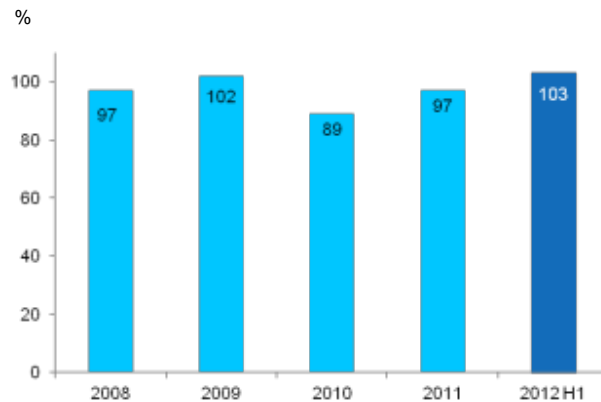
- **The UK's leading regeneration specialist:** Wholly focused upon regeneration
- **An established business:** A FTSE250 company with a 25 year track record
- **Experienced management team:** Extensive operational expertise in regeneration and brownfield renewal
- **A stable and growing business with a solid balance sheet:** A property portfolio of £1.1bn with a see-through loan-to-value ratio of 42%. No facilities expiring before November 2014
- **Running costs covered by recurring revenue streams from a £558m portfolio of income producing assets:** Net rental income has grown steadily since 2008 and typically covers the running costs of the business
- **Residential development:** Residential income stream experiencing strong growth via three routes – residential land sales, Persimmon joint venture and St. Modwen Homes
- **Commercial development:** Consistent long-term, high-value commercial redevelopment activity. A strong pipeline of development opportunities
- **Diverse UK-wide portfolio and long term development:** Landbank of over 5,800 acres. No over exposure to any single scheme, tenant or sector
- **Active management to increase portfolio value and to reduce development risk:** Through planning gains, pre-let and pre-sold opportunities and increasing the number of design and build projects

An established, stable business and the leader in its field

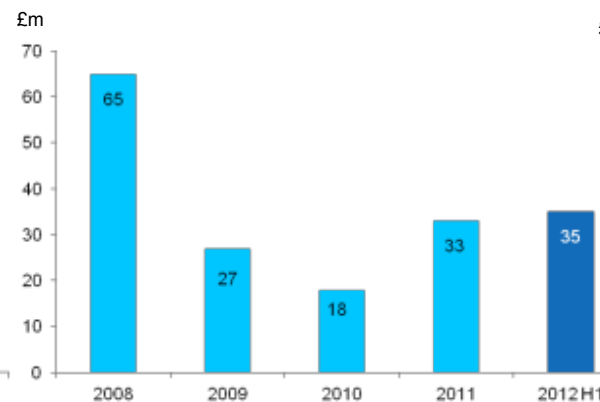
How we generate value



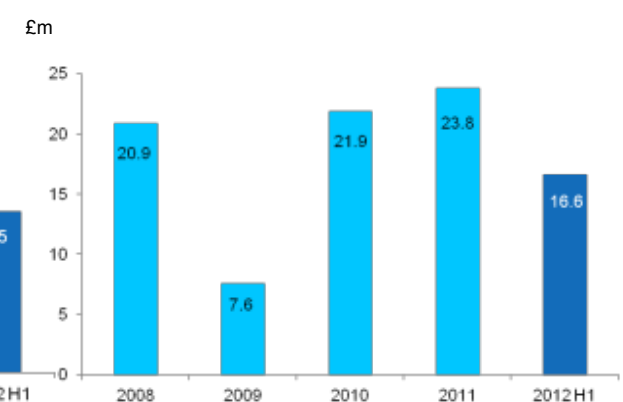
Ratio of rental and other income to operating costs including interest



Property valuation increases through active management

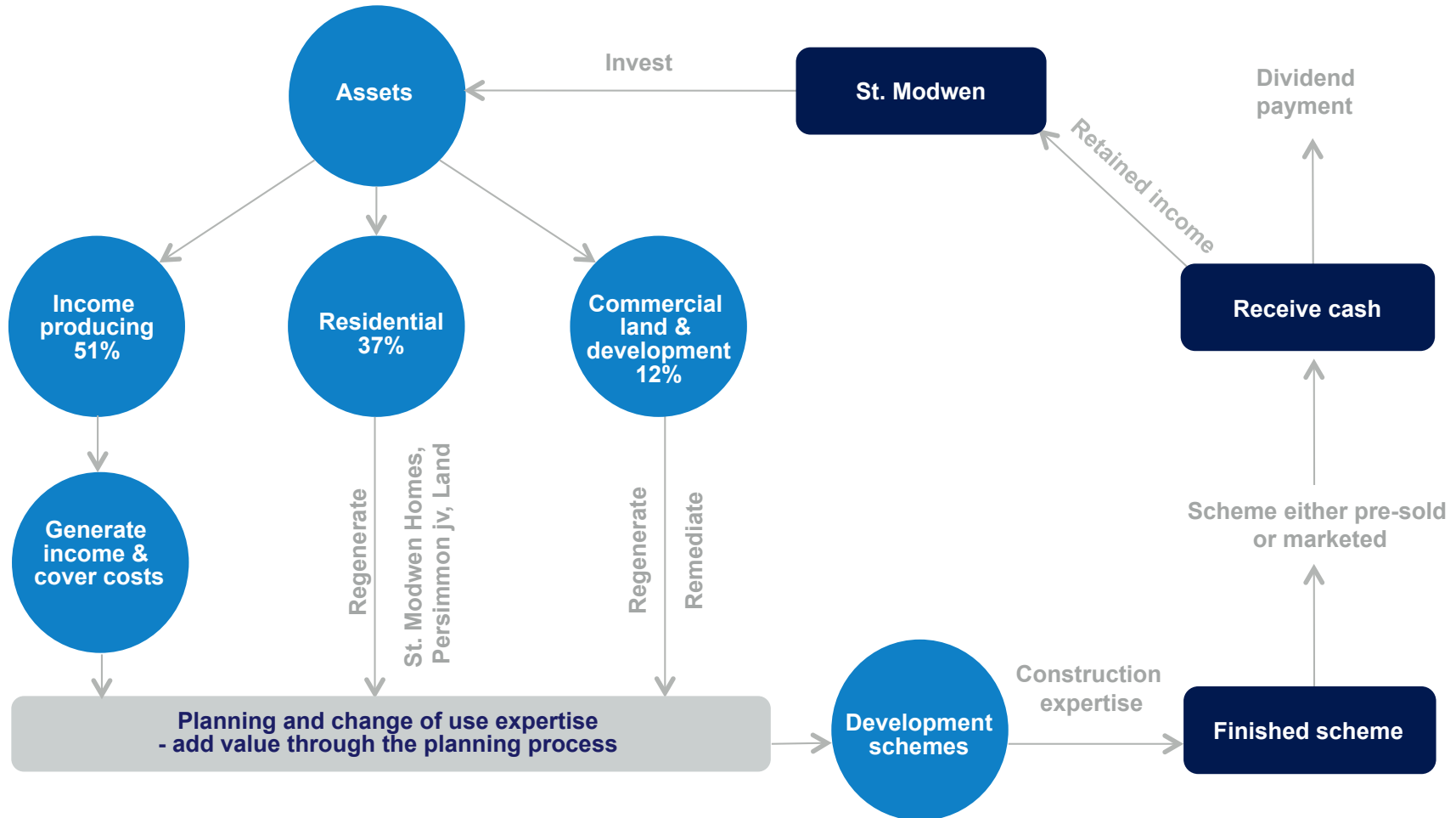


Continuous delivery of property profits



Strong recurring incomes complemented by active asset management and property profits

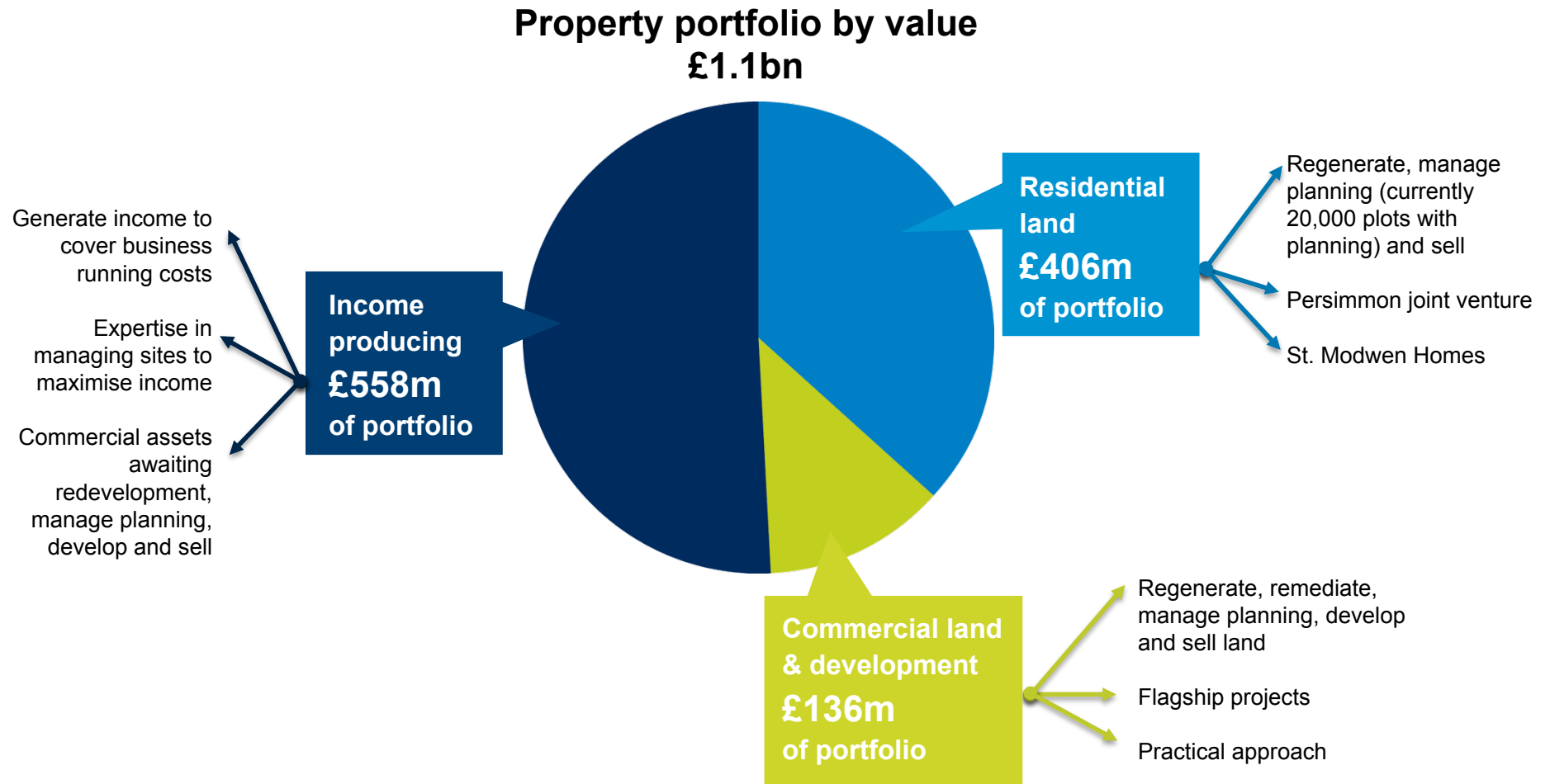
St. Modwen's business model



Business model generates regular income and drives portfolio value



Edmonton Green Shopping Centre,
Enfield



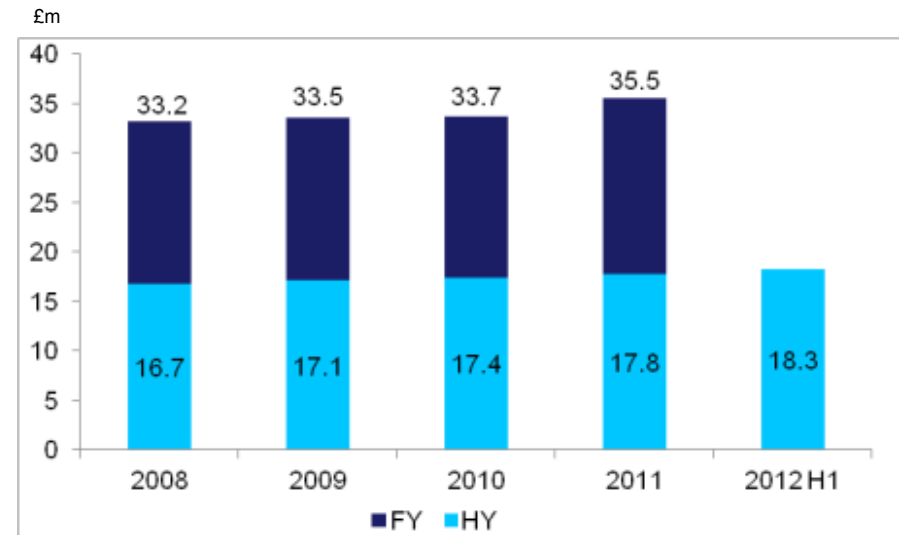
Extensive portfolio diversifies risk and creates opportunities

Income producing portfolio



- A £558m portfolio of income producing assets (51% of total portfolio)
- Expertise in managing sites to generate income that typically covers the business running costs
- Affordable rents on flexible leases
- Investment properties at high yields with an equivalent yield of 9.2% on income producing properties

Increasing net rental income



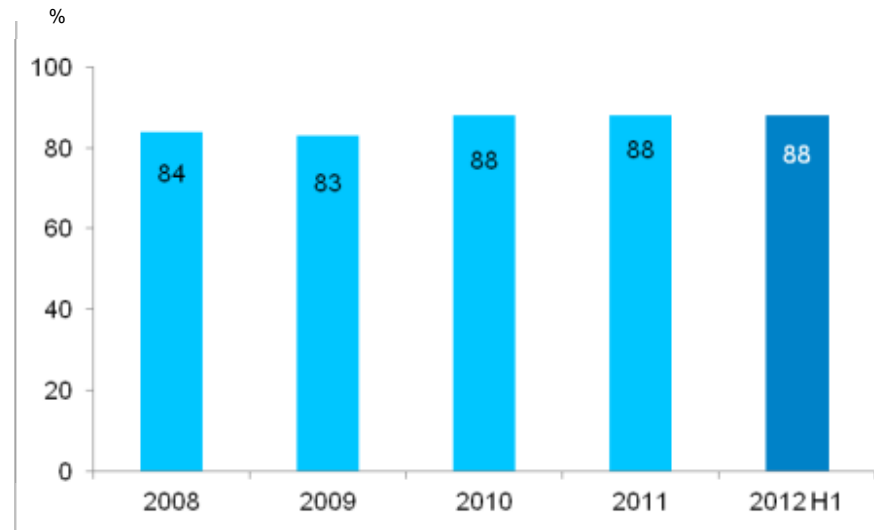
Strong and consistent rental revenue stream

Income producing portfolio



- Diversified rent roll and tenant base:
 - Over 100 commercial properties and 1,700 tenants spread across regions and sectors
 - Largest tenants are sound covenants
- High level of churn, but good level of occupancy maintained through to redevelopment
- Average rental lease length of 5.3 years at May 2012 (4.6 years Nov 11)

Occupancy rates



Diversified tenant base with good occupancy rates

Residential strategy

- £406m residential land portfolio, 1,682 acres, 20,000 plots with planning
- St. Modwen adds value to its residential landbank by remediating low value land, managing it through the planning process and in turn, creates liquidity by...
- ...three “routes to market” which allow St. Modwen to capitalise on the growing residential sector:



Three route approach increases residential opportunities

- Residential land sales (Since May 2011 St. Modwen has sold or has contracted to sell over £100 million of residential land)
- Persimmon joint venture
- St. Modwen Homes

Residential development



- Generating significant future cash flows and value
- Strong initial home sales (achieving sales rates over twice the national average)
- Increasing the liquidity of the existing Landbank
- New sites being developed strategically (St. Modwen Homes to build up to 250 units per year in conjunction with over 2,000 units committed into the Persimmon joint venture)

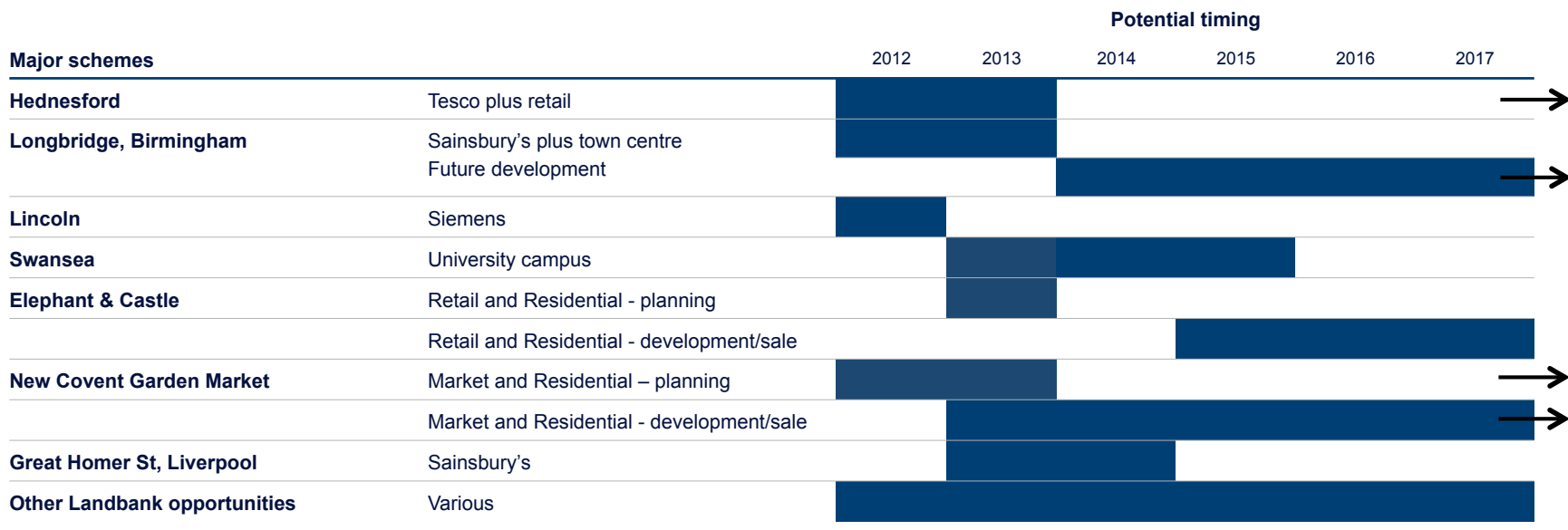
	St. Modwen Homes		Persimmon joint venture		TOTAL
	Active	Planned	Active	Committed	
As at 31/05/2012 (unless otherwise stated)					
No. of sites	2	6	3	5	16
Units	213	1,079	833	1,477	3,602
Units completed (30/09/12)	111	n/a	67	n/a	178
Confirmed reservations (30/09/12)	72	n/a	56	n/a	128
Cash received £m	8	0	6	0	14
Land values £m	2	43	22	73	140
SMP share of development profit (per valuations) £m	3	36	13	29	81
TOTAL	5	79	35	102	221

Growing residential revenue stream

Major commercial development opportunities



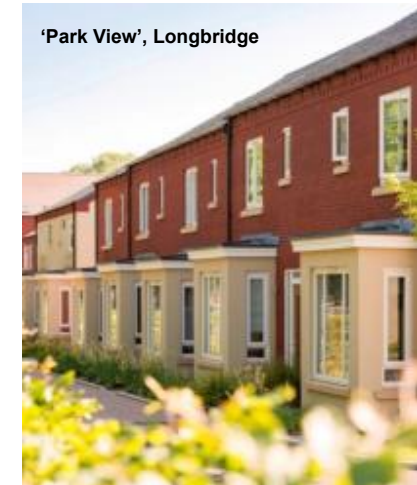
- £136m book value of commercial land held for development potential – largest part of company by acreage (approx. 3,000 acres vs total of over 5,800 acres)
- Pipeline of strong development opportunities
- Use of development agreements and partnerships defer land acquisition costs until development secured; capital expenditure closely monitored and restricted until occupiers identified
- Projects carefully managed in advance of commencement – progressed through planning, enhancement / remediation works undertaken to create ‘oven ready’ sites for development or sale



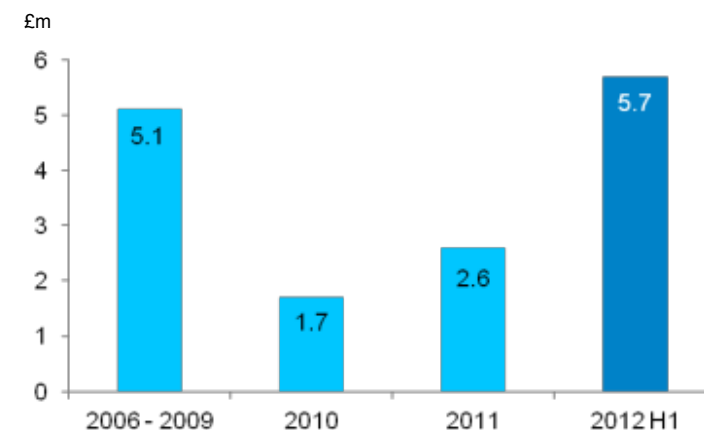
Clear potential for cash and profit generation

Case study: Longbridge, Birmingham

- **Acquired:** 2003/04
- **Income producing:** Sources of income include: Shanghai Automotive, Longbridge Technology Park and Cofton Centre
- **Residential:** Planning for 2,000 homes across the entire 468 acre site; 113 unit 'Park View' development, already over 90% sold or reserved since September 2011. Planning obtained with Persimmon for 229 new homes
- **Commercial development:** Steady stream of property profits including: 250,000 sq ft Bournville College (completed); 150,000 sq ft of office and industrial space (developed and occupied) and 85,000 sq ft Sainsbury's (sold and under construction). Construction of the £70 million Town Centre commenced during 2011 for completion in 2013



Longbridge property profit contributions



Delivering value from long term development



 **ST.MODWEN**

St. Modwen Homes at Locking Parklands,
Weston-super-Mare

FINANCES

- **Sizeable asset portfolio:**
 - a property portfolio of c. £1.1bn
 - c. 5,800 acres of development land
- **Strong balance sheet:**
 - net assets £500m
 - see-through loan-to-value ratio of 42% (HY 2012)
 - weighted average debt maturity is 3.2 years (HY 2012)
 - no debt facility due to expire before November 2014
- **Strong income generator:**
 - rental income and property profits of £62.5m (FY 2011) and £36.4m (HY 2012)
 - interest cover of 2.7x (FY 2011) and 3.1x (rolling 12 months)

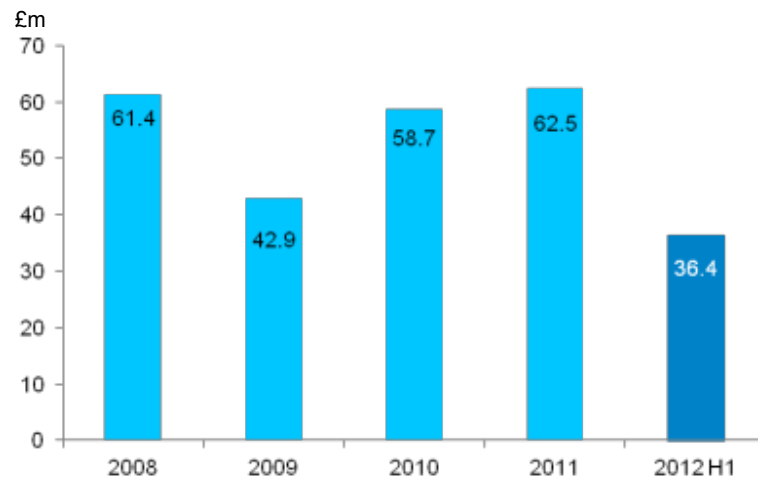
Solid platform for future growth

Strong income generator

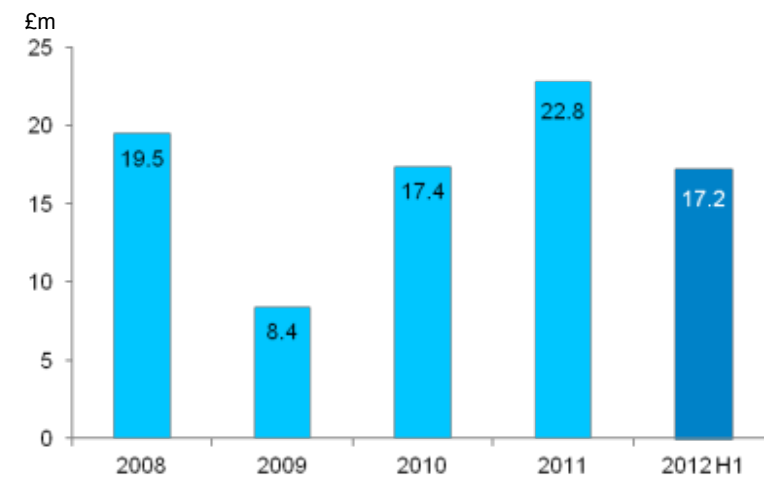


- Rental income and the ability to trade properties into the market allows the Group flexibility to adapt to market demands and pursue opportunities, which should generate value
- The Group's resilience to challenging economic times is illustrated by consistent trading profit

Rental income and property profits



Trading profit



Landbank and expertise provide flexibility to move with market demands

Strong balance sheet



	Half year to 31 May 2012 £m		Full year to 30 November 2011 £m	
Property assets	945		1,040	
Investments in jvs and other assets	79		57	
Debtors	68		60	
Pensions	-		-	
Gross assets		1,092		1,157
Debt	(370)		(347)	
Trade payable etc.	(222)		(334)	
Gross liabilities		(592)		(681)
Net assets		500		476

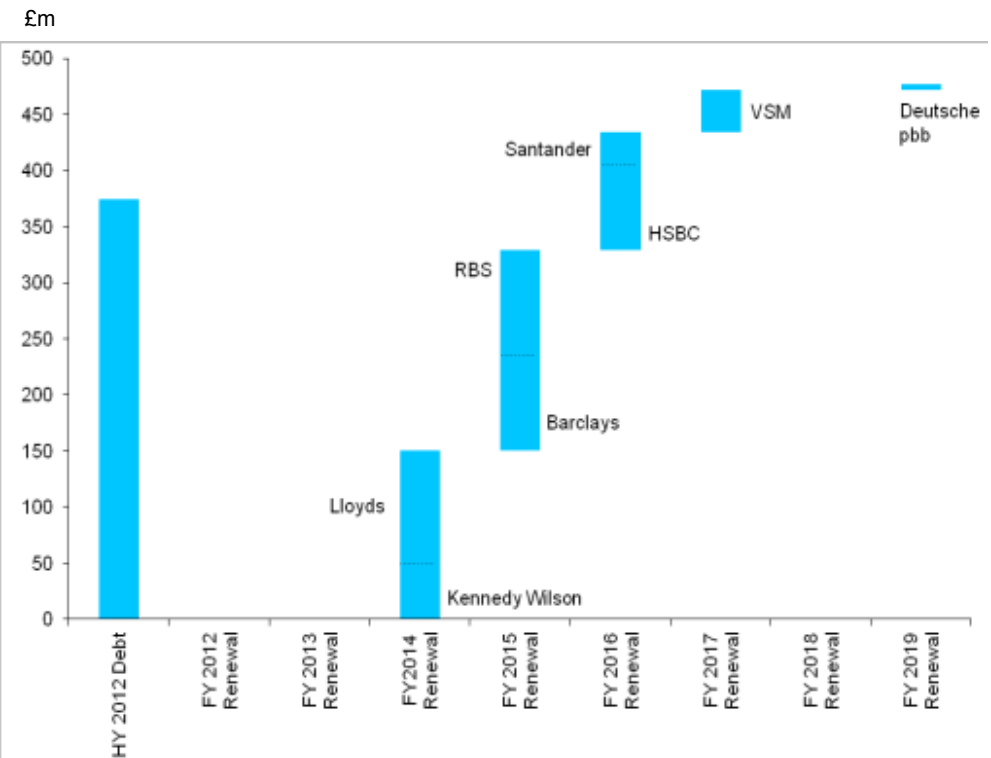
A stable business with a solid balance sheet

Current banking facilities



Group facilities at 31/05/12

Lloyds	£100m	November 2014
RBS	£95m	November 2015
Barclays	£84m	September 2015
HSBC	£75m	December 2015
Kennedy Wilson	£50m	November 2014
Santander	£30m	January 2016
Deutsche pbb	£5m	June 2019
Barclays VSM	£38m	March 2017
Total facilities	£477m	
Undrawn facility headroom	£107m	
Net debt (excl. jvs)	£370m	
Bank Gearing Covenant	175%	
Actual Gearing	74%	



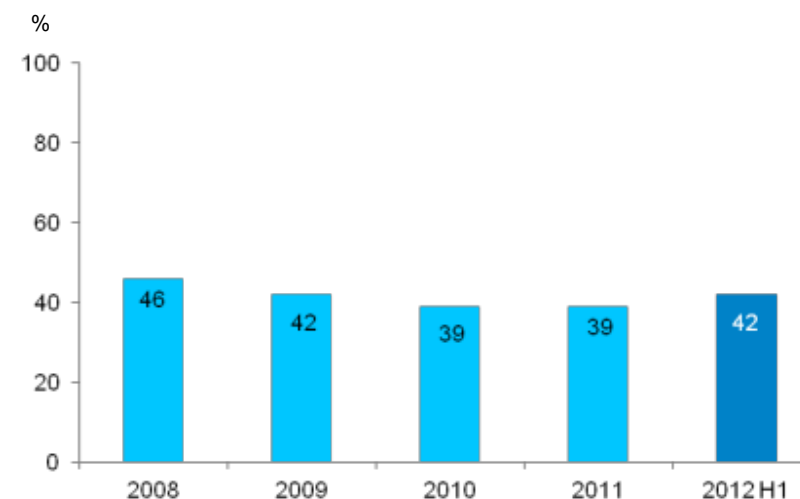
Significant headroom on all facilities. All corporate debt facilities extended until at least November 2014

Financial resources - Group



	Nov 2011	May 2012
Net debt	£347m	£370m
Average facility maturity (years)	3.5	3.2
Weighted average interest rate	5.6%	5.4%
Interest cover	2.7x	3.1x
Gearing – group	73%	74%
- See-through including share of jvs	91%	93%
% Debt hedged (excl. VSM)	86%	79%
Loan-to-value – Group	36%	41%
- See-through including share of jvs	39%	42%

See-through loan-to-value



Sound financial base with significant headroom on existing facilities

Performance summary



	FY 2008	FY 2009	FY 2010	FY 2011	HY 2012
Rental and other income	40.5	35.3	36.8	38.7	19.8
Property profits	20.9	7.6	21.9	23.8	16.6
Overheads	(14.1)	(14.1)	(17.1)	(16.7)	(8.5)
Interest	(27.8)	(20.4)	(24.2)	(23.0)	(10.7)
Trading profit (before revaluation movements)	19.5	8.4	17.4	22.8	17.2
Interest cover	2.2x	2.1x	2.4x	2.7x	3.1x*
Property portfolio	1,143.4	1,018.5	1,055.0	1,102.5	1,100.3
See-through net debt	523.1	422.7	409.2	431.6	464.2
See-through loan-to-value%	46%	42%	39%	39%	42%
Net assets	402.2	401.0	436.8	476.0	500.1


* - Rolling 12 months

Strong operating track record consistently producing trading profit and ability to add value

- An established, financially stable and growing business with a solid balance sheet and experienced management team
- Running costs typically covered by recurring revenue streams from a £558m portfolio of income producing assets
- Extensive UK-wide residential and commercial portfolio diversifies risk and creates opportunities
- Long term development and active management increases portfolio value
- Practical approach to development and a strong, high profile pipeline

The UK's leading regeneration specialist



 ST.MODWEN

The Italian Gardens, The Trentham Estate & Gardens
Stoke-on-Trent

APPENDICES

Timeline

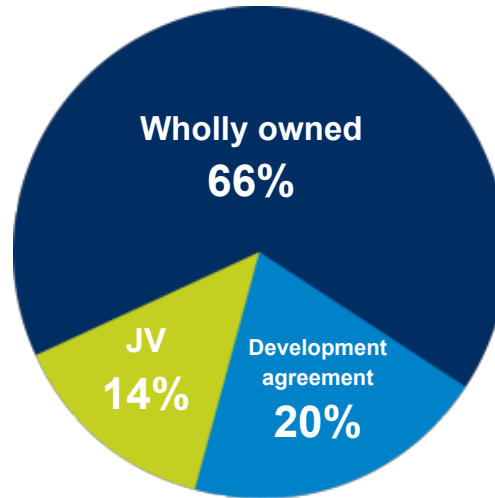


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| <p>1986: • St. Modwen established by reverse takeover in April 1986 by Redman Heenan International plc</p> <hr/> | <p>2005 – • Selected as preferred developer on many town centre regeneration schemes</p> |
| <p>1986 – • Rapid growth due to substantial development programme based on enterprise zones and industrial schemes</p> <p>1990:</p> <ul style="list-style-type: none">• Programme moved to include retail schemes and office parks <hr/> | <p>2010:</p> <ul style="list-style-type: none">• Acquisition of large industrial sites including Longbridge, Llanwern, Project MoDEL, Coed Darcy and BP Portfolio• £107m equity issue in 2009 <hr/> |
| <p>1991:</p> <ul style="list-style-type: none">• Attention switched to increasing rental income• Regeneration strategy established• Major expansion of range of partnerships with landowners, local authorities and major companies <hr/> | <p>2010:</p> <ul style="list-style-type: none">• Strategic site within 2,500 acre BP Portfolio identified as possible location of Swansea University's New Bay Science and Innovation Campus• Establishes joint venture with Persimmon Homes plc• Establishes St. Modwen Homes <hr/> |
| <p>1997: • Joint venture with Salhia Real Estate Company K.S.C (KPI) entered into</p> <hr/> | <p>2011: • Agrees to redevelop Elephant and Castle Shopping Centre as part of ongoing regeneration of area</p> <hr/> |
| <p>2000 – • Major acquisitions include portfolios from Alstom and Marconi</p> <p>2003:</p> <ul style="list-style-type: none">• St. Modwen enters FTSE250 (November 2003) | <p>2012: • Selected as preferred development partner with VINCI PLC for the proposed redevelopment of New Covent Garden Market</p> |

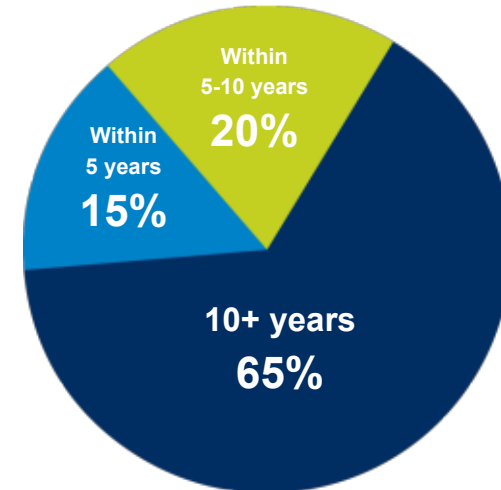
Broad expertise and extensive landbank provides flexibility to move with market demands

Developable acres	May 2012	Nov 2011
Retail	344	357
Industrial & Commercial	2,911	2,869
Residential	1,682	1,646
Not yet specified	887	890
Total developable	5,824	5,762

Landbank ownership



Development timescales



Substantial Landbank provides solid asset value and substantial future opportunities

Glossary



- **Active management:** The component of property revaluations delivered as a direct result of management actions and initiatives e.g. obtaining planning consent, achieving remediation milestones and improving lease terms
- **Gearing:** The ratio of net debt to net assets
- **Interest:** Net finance costs (excluding the mark-to-market of derivative financial instruments and other non-cash items) for the Group (including its share of joint ventures and associates)
- **Interest cover:** The ratio of operating income to interest
- **Landbank:** The bank of property comprising all of the land under the Group's control, whether wholly owned or through joint ventures or development agreements
- **Loan-to-value ratio:** The ratio of Group net debt to the Group property portfolio (excluding joint venture and associates)
- **Net debt:** Total borrowings less cash and cash equivalents
- **Net rental income:** Rental income receivable less non-recoverable property costs for the Group (including its share of joint ventures and associates)
- **Occupancy rates:** Estimated rental value (ERV) attributable to vacant units as a proportion of total ERV (including the Group's share of joint ventures and associates). ERV is determined by the Group's external valuers.
- **Other income:** Other rental type income generated from the operating assets of the Group (including its share of joint ventures and associates)
- **Operating income:** The total of net rental income, other income and property profits
- **Operating costs/ business running costs:** Administrative expenses plus net finance costs (excluding the mark-to-market of derivative financial instruments and other non-cash items) for the Group (including its share of joint ventures and associates)
- **Persimmon joint venture:** A contractual arrangement with Persimmon to develop residential units on agreed sites within the St. Modwen Landbank
- **Property portfolio:** The property components of investment properties and inventories of the Group (including its share of joint ventures and associates)
- **Property profits:** Development profit (before the deduction of net realisable value provisions) plus gains on disposals of investments/ investment properties for the Group, including its share of joint ventures and associates
- **Rental lease length:** The weighted average lease term to the first tenant break
- **See-through gearing:** The ratio of see-through net debt to net assets
- **See-through loan-to-value ratio:** The ratio of see-through net debt to the property portfolio
- **See-through net debt:** Net debt of the Group together with its share of the net debt of joint ventures and associates
- **Trading profit:** Operating income less operating costs